Manitoba

ANNUAL REPORT

2004 - 2005

Manitoba
Horse Racing
Commission

David Miles (Chair)
Dushant Persaud (Vice-Chair)
Marvin Vestby (Member)
Georgine Spooner (Member)

Executive Director: Larry Huber

MANITOBA HORSE RACING COMMISSION

PO BOX 46086 WESTDALE
WINNIPEG MB R3R 3S3

Telephone (204) 885-7770 Facsimile (204) 831-0942
E.Mail: *mhrc@manitobahorsecomm.org*
http://www.manitobahorsecomm.org

June 28th, 2005

The Honorable Rosann Wowchuk
Minister of Agriculture, Food and Rural Initiatives
Room 165
Legislative Building
Winnipeg, MB R3C 0V8

Dear Ms. Wowchuk:

Annual Report

The undersigned has the honour to present the Thirty-Ninth Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2005.

Yours truly,

Manitoba Horse Racing Commission

David Miles
Chair
DM/wfd

David Miles (Président)
Dushant Persaud (Vice-Président)
Marvin Vestby (Membre)
Georgine Spooner (Membre)

Directeur Général: Larry Huber

COMMISION HIPPIQUE DU MANITOBA

BP 46086 WESTDALE
WINNIPEG MB R3R 3S3

Téléphone (204) 885-0942 Télécopie (204) 831-0942
Courrier electronique : mhrc@manitobahorsecomm.org
http://www.manitobahorsecomm.org

Le 28 juin 2005

L'Honorable Rosann Wowchuck
Ministre de l'Agriculture, de l'Alimentation et des Initiatives Rurales
Bureau 165
Edifice de l'Assemblée Législative
Winnipeg, MB R3C 0V8

Chère Mme. Wowchuk :

Rapport Annuel

Je soussigné David Miles ai l'honneur de vous présenter le Trente-Neuvième Rapport Annuel de la Commission Hippique du Manitoba, couvrant l'exercice qui s'est achevé le 31 mars 2005.

Veuillez accepter, Madame, l'expression de mes sentiments les plus distingués.

La Commission Hippique du Manitoba

David Miles

Président
DM/wfd

THIRTY-NINTH ANNUAL REPORT

THE MANITOBA HORSE RACING COMMISSION

For the year ending March 31, 2005

COMMISSIONERS - As of March 31st, 2005

David Miles	**Chair**	**Winnipeg**
Dushant Persaud	**Vice Chair**	**Winnipeg**
Marvin Vestby	**Member**	**Swan River**
Georgine Spooner	**Member**	**Winnipeg**

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THIRTY-NINTH ANNUAL REPORT
THE HORSE RACING COMMISSION

GENERAL

This report covers the twelve months ended March 31st, 2005.

Functions of the Manitoba Horse Racing Commission (MHRC)

The functions of the MHRC are set out in the Horse Racing Commission Act and the Pari-Mutuel Levy Act.

Under the Horse Racing Commission Act the MHRC is given the power and the responsibility to govern, direct, control, and regulate horse racing and the operation of all racetracks in Manitoba. However, the MHRC confines itself to regulating only those race tracks offering Pari-Mutuel racing. To ensure that the MHRC is not legally required to regulate non pari-mutuel racing the MHRC has recommended that the statutes governing horse racing be amended and the government has, in fact, introduced legislation in that regard.

Pursuant to its' responsibility the MHRC passes and enforces rules, licenses all industry participants and racetrack operators, and generally oversees all aspects of horse racing to ensure that it is carried on in a manner that is fair and safe for all participants and that the races are run fairly and honestly and are perceived as such by the public.

The rules are primarily enforced on a day-to-day basis by Stewards/Judges (Officials), employed by the MHRC. In carrying out their duties the Officials not only act as investigators and prosecutors, but also act as judge and jury - making decisions based on their own investigations. Appeals from all decisions of the Officials may be made as a matter of right to the Commission, which is bound to act impartially. There is no appeal as a matter of right to any Court or any entity beyond the Commission, so the hearing of appeals is one of the most important functions of the Commission.

The Commission is cognizant of the fact that horse racing rules and their interpretation are not static. Changes sometimes are prudent in view of changing times, needs, and circumstances. The MHRC is continuously working with the race track operator (Manitoba Jockey Club) and the various horsemen's organizations to make sure that the rules are updated when required. Since the latest Rule book was published in 2002, more than twenty amendments and directives have been enacted by the Commission.

Additionally, under the Horse Racing Commission Act, the MHRC is to perform such other duties and functions that may be imposed upon it by the Lieutenant Governor in Council. Traditionally, the Chair of MHRC has acted as a confidential policy advisor to the Member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the Act.

It should be noted that unlike Commissions in some other provinces it is not part of the function of the MHRC to promote horse racing. The Manitoba Commission is a regulator. The only reference to promotion in either the Horse Racing Commission Act or the Pari-Mutuel Levy Act is Section 13 (1) of the Pari-Mutel Levy Act which establishes the Pari-Mutuel Levy Fund for "promotion" of horse racing.

Pursuant to the Pari-Mutuel Levy Act, a fixed percentage of each dollar wagered in Manitoba is collected by the track operator and remitted to the MHRC for distribution as authorized by the Act. The MHRC is charged with the responsibility of adopting a plan on an annual basis for distribution of the funds. The Minister of Finance must approve the plan, once adopted, before it can become effective. The current plan, and that adopted and approved for 2005/2006, provides that the Commission is to retain 1% for its own operation and is to distribute the balance, expected to be approximately $2,900,000, to the racing industry. For the fiscal period covered by this report, from the approximately $33,000,000 dollars wagered, the Commission retained approximately $330,000.00 dollars to cover it's expenses and distributed approximately $2,300,000 to the HBPA for purse support and $601,000 to the CTHS to support it's breeding program.

The Standardbred and Quarter Horse Industry have never received money from the Pari-Mutuel Levy Fund. Traditionally these racing organizations were funded by the Province of Manitoba, supplemented by funds from the Commission itself. This changed during the 2004 racing season. The Manitoba Lotteries Corporation (MLC), by Memorandum of Understanding dated July 15th, 2004, assumed responsibility for the funding of Standardbred and Quarter Horse Racing. For the year 2004 the MLC contributed approximately $156,000 and the Province contributed $240,000. For the years 2005 and 2006 all funding will be provided by MLC.

Results Achieved

To ensure safety for participants, the Commission carried out extensive and improved human drug and alcohol testing programs. These programs, for the protection of both humans and horses, are in effect during the entire race season, not only during live race days. Over the last couple of years there has been a marked improvement in the quality of race riding as a result of which there were no accidents arising from substandard riding during the year. Manitoba has been a leader in the employment of the latest drug detecting technology. Other Provinces are now following our lead in using the most modern drug testing equipment to further ensure the safety of all participants.

In addition to drug testing the Commission has continued to emphasize education, prevention, and rehabilitation. The MHRC, in cooperation with the Horsemen and the Track Operator, continues to strive to offer a work environment safe from the threat of injury to humans or animals.

To ensure that races are run fairly and honestly, and are perceived as such by the public, the betting pools are constantly monitored for fraudulent patterns and investigations are held into any hints or allegations of questionable racing tactics. This Commission is pleased to report that over the last four years there has not been received, from the public or participants, any even remotely substantiated allegations of a tainted race.

Racing: April 2004 – March 31 2005

a) **Live and Simulcast Racing at Assiniboia Downs**

The total combined live and simulcast wagering for the year at Assiniboia Downs was $33,221,846. This is decline of approximatley $2,000,000 from the period ending March 31st, 2004.

The live betting also declined. It decreased from approximately $6,500,000 in the 2003 season to $6,000,000 in 2004. In the view of the MHRC Chair the caliber and

competitiveness of the racing remained satisfactory. In this writer's view the decline was caused by the fire which closed down the race track completely for about a 2-week period and partially impaired its operation for a number of weeks thereafter.

The winter simulcast betting continued on a moderate downward slide. This trend is consistent with that of most small racing jurisdictions. An aging population translates into fewer dollars wagered. The lost revenue, in the short term, must be replaced by increased VLT revenues and in the long run by the attraction of younger people to the sport.

The horse population remained at full capacity. The number of licenses issued continued to decrease, probably for the same reasons that the simulcast betting decreased. The same solutions are required.

b) **Standardbred Live Racing**

The Manitoba Great Western Harness Racing Circuit raced 21 days (22 were scheduled) with average daily wagering of $5,457 in 2004 compared to $6,672 the previous year.

The history of harness racing in rural Manitoba extends back to the 1930's. Harness racing continues to provide excellent entertainment and continues to enhance the cultural heritage of local communities. The problems facing rural racing have been well documented. The MHRC Chair in last year's annual report expressed the hope that the problems would be addressed by the Government. In fact this hope has been fulfilled-at least on a short term basis. As stated earlier the Manitoba Lotteries Corporation has assumed funding responsibility for the 2005 and 2006 racing seasons. The MLC is contributing $500,000 each season for the support of the Standardbred and Quarter Horse Industries. The MHRC is charged with the responsibility of administering these funds in such manner as may be approved. For the year 2005 the Commission has designated $488,000 for the support of harness racing which sum includes $40,000 for the Commission to regulate the rural racing meet.

c) **Quarter Horse Racing**

There were a total of 23-Quarter Horse races run at Assiniboia Downs. There was no Quarter Horse Racing in Manitoba outside Winnipeg. The traditional 2 days of racing at Rossburn did not take place in 2004 and it will not take place in 2005. Quarter Horse racing continues to increase in popularity in Winnipeg but its future in rural Manitoba is not bright. The MHRC, from monies received from MLC, has designated $12,000 for the support of Quarter Horse Racing for the 2005 season.

TRENTE-NEUVIEME RAPPORT
COMMISSION HIPPIQUE

GENERAL

Ce rapport couvre la période de 12 mois qui s'est achevée le 31 mars 2005.

Fonctions de la Commission Hippique du Manitoba (CHR, ou en anglais : Manitoba Horse Racing Commission)

Les fonctions de la CHR sont indiquées dans la Loi sur la Commission Hippique (Horse Racing Commission Act), et la Loi sur les Prélèvements sur les Mises de Pari Mutuel (Pari-Mutuel Levy Act).

Comme stipulé par la Loi sur la Commission Hippique, la CHR a le pouvoir et la tâche d'administrer, de diriger, de contrôler et de réglementer la course hippique, et le bon fonctionnement des champs de course au Manitoba. Toutefois, la CHR se limite à réglementer uniquement les champs de courses qui proposent des Courses à Pari Mutuel. Pour s'assurer que la CHR ne soit pas juridiquement contrainte de réglementer les types de courses autres que pari mutuel, la CHR a recommandé que des amendements soient instaurés sur les lois qui gouvernent les courses hippiques. De fait, le gouvernement a présenté des lois à cet effet.

Conformément à sa tâche, la CHR vote et met en application des lois, délivre une licence aux participants de ce secteur d'activité, et aux exploitants des hippodromes, et surveille de manière générale tous les aspects des courses hippiques pour s'assurer que tout se déroule de manière loyale et en toute sécurité pour tous les participants, que les courses soient courues de façon loyale et dans l'honnêteté, et soient perçues comme tel par le public.

Les règles sont principalement mises en application sur une base journalière par les Membres du Service d'Ordre / Arbitres (les Officiels), employés par la CHR. Lors de leur travail, les Officiels n'interviennent pas uniquement en tant qu'enquêteurs et procureurs, mais aussi en tant que juges et jurés. Les décisions sont ainsi fondées sur leurs propres investigations. De droit, la Commission, dont il est le devoir de d'agir avec impartialité, peut faire appel de n'importe quelle décisions des Officiels. Il n'y a aucune cour ou entité quelconque au-dessus de la Commission qui puisse, de droit, faire appel, ce qui fait que l'instruction des appels est une des fonctions les plus importantes de la Commission.

La Commission a connaissance du fait que les règles des courses hippiques et leur interprétation ne sont pas statiques. Il est parfois prudent d'opérer des changements, étant donné que les temps, les besoins et les circonstances changent continuellement. La CHR travaille sans interruption avec les exploitants de champs de courses (en anglais : « MJC ») et les organisations d'hommes de cheval pour s'assurer que les règles sont mises à jour quand cela est nécessaire. Depuis que le dernier Règlement a été publié, en 2002, plus de 20 amendements et directives ont été promulguées par la Commission.

D'autre part, de par la Loi sur la Commission Hippique, la CHR doit s'acquitter d'autres devoirs et fonctions qui peuvent être lui imposées par le Lieutenant-Gouverneur en Conseil.

Comme de coutume, le Président de la CHR a agi comme conseiller politique confidentiel auprès du Membre du Conseil Exécutif, chargé de l'administration de la loi par le Lieutenant-Gouverneur en Conseil.
Il serait bon de noter que contrairement aux Commissions d'autres Provinces, la promotion de la course hippique ne fait pas partie des fonctions de la CHR. La Commission du Manitoba est une autorité de réglementation. La seule référence faite à la promotion de ce sport, que ce soit dans la Loi sur la Commission Hippique ou dans la Loi sur les Prélèvements sur les Mises de Pari Mutuel, est la Section 13 (1) de la Loi sur les Prélèvements sur les Mises de Pari Mutuel, qui établit le Fonds du Pari Mutuel pour la promotion de la course hippique.

Conformément à la Loi sur les Prélèvements sur les Mises de Pari Mutuel, un pourcentage établi de chaque dollar perçu au Manitoba est collecté par l'exploitant du champ de course, puis reversé à la CHR, qui le redistribuera, comme la loi l'autorise. La CHR est chargée de la tâche d'adopter un plan, sur une base annuelle, pour redistribuer les fonds. Une fois qu'il a été adopté, le Ministre des Finances doit approuver le plan pour qu'il devienne effectif. Le plan actuellement en vigueur, adopté et approuvé pour 2005/2006, prévoit que la Commission doit retenir 1% en vue de son propre fonctionnement, et doit redistribuer le solde, d'environ 2.900.000 $, à l'industrie de la course. Pour la période fiscale couverte par ce rapport, la Commission a retenu environ 300.000 $ des 3.000.000 $ perçus pour couvrir ses dépenses, et a distribué environ 2.300.000 $ à la HBPA pour financer la prime aux propriétaires, et 601.000 $ à la SCCT (Société Canadienne du Cheval Trakehner, ou en anglais : Canadian Trakehner Horse Society) pour subventionner son programme de croisement.

L'Industrie du Standardbred et du Quarter Horse n'a jamais reçu d'argent provenant du Fonds du Pari Mutuel. D'ordinaire, la Province du Manitoba assurait le financement de ces organisations de course, et des fonds de la Commission elle-même s'y ajoutaient. Cela a changé lors de la saison de course 2004. Par protocole d'entente datant du 15 juillet 2004, la Commission des Loteries du Manitoba (CLM) a assumé la responsabilité de financer les Courses de Chevaux de Race Standardbred et de Race Quarter Horse. Pendant l'année 2004, la CLM a apporté un capital d'environ 156.000$, et la Province a apporté 240.000$. Pour les années 2005 et 2006, l'intégralité du financement sera assurée par la CLM.

Résultats obtenus

Pour assurer la sécurité des participants, la Commission a mis en œuvre de vastes programmes, de meilleure qualité, visant à dépister toute trace de drogue ou d'alcool chez les humains. Ces programmes, dont le but est la protection des humains et aussi des chevaux, sont effectifs durant l'intégralité de la saison, pas seulement les jours de courses. Au cours des dernières années, il s'est produit une amélioration notable de la qualité des courses. Il s'ensuit qu'aucun accident dû à une équitation médiocre n'est survenu pendant l'année. Le Manitoba a été la première province en termes d'utilisation de technologie de dépistage anti-dopage de pointe. D'autres Provinces suivent actuellement notre exemple, en utilisant les dernières méthodes de dépistage de substances illicites, pour assurer davantage la sécurité de tous les participants.

En plus des dépistages anti-dopage, la Commission a continué à mettre l'accent sur l'éducation, la prévention et la réhabilitation. La CHR, en coopération avec les Hommes de Cheval et les Exploitants de champs de courses, continue à s'efforcer d'offrir un environnement de travail dans lequel les humains et les animaux sont à l'abri de tout danger de blessure.

Pour s'assurer que les courses se déroulent loyalement et dans l'honnêteté et soient perçues comme tel par le public, les poules sont constamment soumises à une surveillance vidéo, en cas de pratique frauduleuse, et des enquêtes sont menées sur chaque soupçon ou allégation de stratégie de course douteuse. Cette Commission a le plaisir d'annoncer qu'au cours des 4 dernières années, que ce soit de la part du public ou des participant, nul n'a reçu d'allégation, même vaguement justifiée, portant sur un quelconque signe de triche commis lors d'une course.

Les courses : avril 2004 – 31 mars 2005

a) Les courses en direct et en diffusion simultanée à Assiniboia Downs

Le revenu annuel provenant de l'addition des courses en direct (ou « live ») et en diffusion simultanée qui se sont déroulées à Assiniboia Downs se monte à 33.221.846 $. Il y a eu une baisse d'environ 2.000.000$ par rapport à la période qui s'est achevée le 31 mars 2004.

La recette des paris effectués pour les courses en direct a aussi enregistré une baisse. Elle a diminué d'environ 6.500.000 $ lors de la saison 2003, puis de 6.000.000 $ en 2004. Le Président de la CHR pense que le calibre des courses et la compétitivité qu'on y voit demeurent satisfaisants. L'auteur de cet article pense que cette baisse provient de l'incendie qui a obligé l'hippodrome à fermer complètement ses portes pendant 2 semaines, et a partiellement porté atteinte à son bon fonctionnement durant un certain nombre de semaines après l'incident.

Les paris des courses en diffusion simultanée ont continué a enregistrer aussi une légère baisse. Cette tendance se retrouve aussi dans la plupart des juridictions où le nombre de courses est réduit. Une population vieillissante résulte en des revenus moindres. Dans l'immédiat, le revenu perdu doit être remplacé par des revenus d'ALV (Appareil de Loterie Vidéo) accrus, et à long terme, par l'attrait d'une population plus jeune pour ce sport.

Le nombre de chevaux est resté à un seuil maximum. Le nombre de licences délivrées a continué à diminuer, probablement à cause des mêmes raisons pour lesquelles les paris des courses en diffusion simultané ont baissé. Les mêmes solutions sont requises.

b) Les Courses de Chevaux de Race Standardbred en Direct

La Manitoba Great Western Harness Racing Circuit a participé à 21 jours de courses (22 étaient initialement prévus) avec un revenu journalier moyen de 5.457 $ en 2004, à la différence des 6.672 $ de l'année précédente.

L'histoire des courses attelées au Manitoba rural remonte aux années 1930. Les courses attelées constituent toujours un excellent divertissement, et continuent à promouvoir l'héritage culturel des communautés locales. On a rassemblé beaucoup de renseignements sur le problème auquel les courses rurales ont été confrontées. Lors du rapport annuel de l'année précédente, le Président de la CHR a fait part de son espoir que le gouvernement aborderait le problème. Dans les faits, ces espoirs se sont vus réalisés – au moins sur un court terme. Ainsi qu'il est dit plus haut, la Commission des Loteries du Manitoba a assumé la responsabilité de financer les saisons de courses 2005 et 2006. Chaque année, la CLM fournit une aide financière de 500.000 $ aux Industries du Standardbred et du Quarter Horse. La CLM est

chargée de la gestion de ces fonds, de telle manière qu'elle soit approuvée. Pour l'année 2005, la Commission a alloué une subvention de 488.000 $ pour les courses attelées, dont 44.000 $ en vue de la réglementation des meetings de course rurale par la Commission.

c) Les Courses de Chevaux de Race Quarter Horse

Un total de 23 courses s'est déroulé à Assiniboia Downs. Il n'y a pas eu de Courses de Quarter Horse au Manitoba à l'extérieur de Winnipeg. En 2004, les traditionnelles 2 journées de course à Rossburn ne se sont pas déroulées, et ne se dérouleront pas non plus en 2005. Les courses de Quarter Horse continuent à se populariser à Winnipeg, mais leur avenir dans le Manitoba rural n'est pas brillant. La CHR a alloué 12.000 $ pour les Courses de Quarter Horse pour la saison 2005.

Note du traducteur : « Courses de Chevaux de Race Quarter Horse » désigne la discipline hippique, alors que « courses de Quarter Horse » désigne les courses elles-mêmes.

SCHEDULE A

Assiniboia Downs

Live Racing Season

	2004	2003
Wagering on Live Racing	6,045,488	6,566,537
Simulcast Wagering	10,746,904	11,704,000
Total Handle	$ 16,792,392	$ 18,270,541
Number of Live Race Days	69	73
Number of Live Races	602	607
Number of Simulcast Days	138	148
Average Daily Wagering (Live)	87,615	89,689
Average Daily Wagering (Simulcast)	77,876	79,081
Purses Paid Out	5,569,113	5,244,903
Per Race Purse Average	9,251	8,640

Simulcast Racing Season

	2004/05	2003/04
Pari-Mutuel Wagering	$ 16,429,453	$ 17,148,780
Number of Race Days	216	216
Average Daily Wagering	76,062	79,393

Totals

	2004/05	2003/04
Pari-Mutuel Wagering	$ 33,221,846	$ 35,419,321
Number of Race Days	353	364
Average Daily Wagering	94,112	98,165

SCHEDULE B

Rural Racing

	Racing Days		Amount Wagered	
Standardbred	2004	2003	2004	2003
Dauphin	2	2	$ 0	14,481
Deloraine	2	2	11,608	9,909
Glenboro	2	2	11,834	12,083
Holland	2	1	8,588	9,318
Killarney	4	4	30,088	29,511
Minnedosa	0	2	0	8,644
Portage	6	4	36,621	32,261
Wawanesa	2	2	11,398	13,741
Miami	1	2	4,359	10,175
Subtotal	21	21	$ 114,496	$ 140,123
Quarter Horse				
Rossburn	0	2	$ 0	$ 3,486
TOTALS:	21	23	$ 114,496	$ 143,609

Other Comparative Statistics

	2004	2003
Total Purses - Standardbred	$ 303,082	$ 307,205
Per Race Purse Average - Standardbred	$ 1,762	$ 1,786

Provincial Support Programs

	2004	2003
Race Meet Support - Standardbred	$398,500	$258,065*
Breeders/Owners Incentives - Standardbred	87,000	84,932
Purses/Breeders/Owners Incentives – Quarter Horse	9,800	9,800
Unexpended Grant	0	5,400
TOTALS From Province of Manitoba	$358,197	$358,197

* In addition to Provincial Support the MHRC contributed $128,000 towards the programs

SCHEDULE C

MANITOBA HORSE RACING COMMISSION

Occupational Licenses and Registrations for the year ending March 31, 2005

Occupational Licenses	Thoroughbred		Standardbred	
	2004	2003	2004	2003
Owner/Trainer	96	114	6	4
Trainer	24	31	0	1
Assistant Trainer	18	11	4	0
Owner/Trainer/Driver	0	0	29	13
Owner/Driver	0	0	5	3
Jockey (1/4 & Amateur incl.)	21	27	0	0
Apprentice Jockey/Exercise Rider	59	69	0	0
Driver	0	0	3	4
Driver/Trainer	0	0	4	1
Jockey Agent	6	8	0	0
Officials	9	11	8	4
Backstretch	257	278	2	7
Occ 1 (Assoc., Kitchen, etc.)	136	169	0	0
Occ 2 (Press, etc.)	20	26	0	0
Occ 3 (Tradesmen, etc.)	34	31	0	0
Occ 5 (Veterinarians, etc.)	7	6	0	0
TOTAL LICENSES ISSUED:	687	781	61	37

Registrations & Non-Occupational	Thoroughbred		Standardbred	
	2004	2003	2004	2003
Owners	569	600	13	13
Sponsored Persons	109	128	10	10
Partnerships	184	214	3	3
Stable Names	127	126	0	0
Colours	12	14	0	0
Leases	0	0	0	0
Authorized Agents	154	172	0	0

	Quarter Horse	
	2004	2003
All Categories (excluding Assiniboia Downs dual licensees)	61	63

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

Thoroughbred	2004	2003
Rulings	131	148
Fines	$ 9,300	$ 11,753
Suspensions	27	21

Standardbred	2004	2003
Rulings	11	12
Fines	$ 400	$ 500
Suspensions	3	0

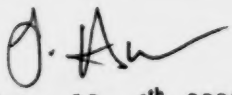
MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Auditor General for Manitoba is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects.

Larry Huber
Executive Director



Date: May 6th, 2005

RAPPORT DE L'ADMINISTRATION

L'état financier ci-joint est la responsabilité de l'administration, et à été établit selon les principes de comptabilité généralement répandus au Canada. Du point de vue de l'administration, l'état financier a été établit comme il convient, dans les limites raisonnables de la pertinence. Il contient les avis les plus éclairés au sujet des estimations nécessaires et de toute autre donnée disponible. Les renseignements financiers présentés ailleurs dans le rapport annuel sont en accord avec les données présentées dans l'état financier.

L'administration maintient des contrôles, internes dans le but de garantir la fiabilité et la précision des renseignements financiers, et pour assurer la sauvegarde des éléments d'actif de la Commission.

La tâche du Vérificateur Général du Manitoba consiste à fournir un point de vue professionnel et indépendant quant à l'impartialité des états financiers, relativement aux considérations matérielles. Le rapport du Vérificateur Général est inclus dans le rapport annuel.

Larry Huber
Directeur Général

Date : 6 mai 2005

The Manitoba Horse Racing Commission
Financial Statements

March 31, 2005

Manitoba
Horse Racing Commission

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Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To The Legislative Assembly and
The Directors of The Manitoba Horse Racing Commission

We have audited the balance sheet of The Manitoba Horse Racing Commission as at March 31, 2005 and the statements of operating revenue and expenditure and fund balances and general fund operating expenditure for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
May 6, 2005

THE MANITOBA HORSE RACING COMMISSION

Exhibit A

Balance Sheet
as at March 31, 2005
(with 2004 figures for comparison)

		Restricted Funds					Total	
	General Fund	Capital Asset Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	Year ended March 31 2005	2004
Assets								
Current assets:								
Cash on hand and in bank	$ 61,878	$ -	$ -	$ 44,501	$ 247,333	$ -	**$ 353,712**	$ 474,544
Pari-mutuel levy receivable	-	-	26,711	-		-	**26,711**	18,835
Pari-mutuel levy distribution receivable	2,753	-	-	18,862	5,096	-	**26,711**	18,835
Receivable - other	12,101	-	-	-	-	-	**12,101**	3,238
Prepaid expenses	8,882	-	-	-	-	-	**8,882**	-
	85,614	-	26,711	63,363	252,429	-	**428,117**	515,452
Long-term receivable								
Province of Manitoba (Note 3)	207,251	-	-	-	-	-	**207,251**	190,344
Capital assets, net (Note 5)	-	14,959	-	-	-	-	**14,959**	-
	$ 292,865	$ 14,959	$ 26,711	$ 63,363	$ 252,429	$ -	**$ 650,327**	$ 705,796
Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	$ 12,717	$ -	$ -	$ 63,363	$ 252,429	$ -	**$ 328,509**	$ 393,079
Deferred revenue	3,015	-	-	-	-	-	**3,015**	2,700
Due to C.T.H.S. Fund	-	-	5,096	-	-	-	**5,096**	3,817
Due to General Fund	-	-	2,753	-	-	-	**2,753**	1,867
Due to H.B.P.A. Fund	-	-	18,862	-	-	-	**18,862**	13,151
	15,732	-	26,711	63,363	252,429	-	**358,235**	414,614
Long-term liability:								
Provision for employee pension benefits (Note 3)	207,251	-	-	-	-	-	**207,251**	190,344
	222,983	-	26,711	63,363	252,429	-	**565,486**	604,958
Fund balances - Exhibit B								
Unrestricted	69,882	-	-	-	-	-	**69,882**	100,838
Invested in capital assets	-	14,959	-	-	-	-	**14,959**	-
	$ 292,865	$ 14,959	$ 26,711	$ 63,363	$ 252,429	$ -	**$ 650,327**	$ 705,796

APPROVED BY THE COMMISSION

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION

Exhibit B

Statement of Operating Revenue and Expenditure and Fund Balances
for the year ended March 31, 2005
(with 2004 figures for comparison)

	General Fund	Restricted Funds: Capital Asset Fund	Pari-mutuel Levy Fund	H.B.P.A. Fund	C.T.H.S. Fund	General Support Fund	Total Year ended March 31 2005	2004
Revenue:								
Fees, licenses and fines (Note 4)	$ 93,083	$ -	$ -	$ -	$ -	$ -	**$ 93,083**	$ 99,456
Grants:								
Province of Manitoba	40,000	-	-	-	-	201,700	**241,700**	241,700
Manitoba Lotteries Corporation	-	-	-	-	-	156,800	**156,800**	-
Interest	900	-	-	919	2,346	-	**4,165**	9,994
Pari-mutuel levy	-	-	3,177,090	-	-	-	**3,177,090**	3,422,435
Pari-mutuel levy fund distribution	329,209	-	-	2,246,964	600,917	-	**3,177,090**	3,422,435
Sundry	233	-	-	-	-	-	**233**	149
Employee future benefits - Province of Manitoba (Note 3)	16,907	-	-	-	-	-	**16,907**	15,871
	480,332	-	3,177,090	2,247,883	603,263	358,500	**6,867,068**	7,212,040
Expenditure:								
General Fund expenditures, Exhibit C	484,760	-	-	-	-	-	**484,760**	471,992
Overnight purse support thoroughbred	-	-	-	2,247,883	-	-	**2,247,883**	2,421,787
Owners/breeders incentive thoroughbred	-	-	-	-	603,263	-	**603,263**	653,613
Pari-mutuel levy fund distribution	-	-	3,177,090	-	-	-	**3,177,090**	3,422,435
Quarter Horse support	-	-	-	-	-	9,800	**9,800**	18,857
Standardbred rural support	-	-	-	-	-	359,386	**359,386**	331,817
Amortization of capital assets	-	883	-	-	-	-	**883**	-
	484,760	883	3,177,090	2,247,883	603,263	369,186	**6,883,065**	7,320,501
Deficiency of revenues over expenditures	(4,428)	(883)	-	-	-	(10,686)	**(15,997)**	(108,461)
Fund transfers (Note 2F)	(26,528)	15,842	-	-	-	10,686	**-**	-
Fund balances, beginning of year	100,838	-	-	-	-	-	**100,838**	209,299
Fund balances, end of year	$ 69,882	$ 14,959	$ -	$ -	$ -	$ -	**$ 84,841**	$ 100,838

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION Exhibit C

Statement of General Fund Operating Expenditure
for the year ended March 31, 2005
(with 2004 figures for comparison)

	2005	2004
Expenditure:		
Advertising and promotion	$ 1,500	$ 71
Commissioners' per diem and honoraria	18,402	17,268
Drug, alcohol and security	11,041	6,453
Employee benefits	33,936	27,523
Equipment and office furniture	-	114
Equipment rentals	230	3,856
Memberships and dues	479	911
Office	5,539	3,337
Pension cost	29,436	23,153
Professional fees	23,807	48,220
Recruiting costs	-	56
Repairs and maintenance	3,354	19,261
Salaries		
Administration	126,135	113,901
Security	28,169	32,187
Stewards and judges	106,760	73,927
Veterinarian services	51,720	47,151
Sundry	2,794	2,287
Telephone	10,152	7,596
Travel	31,306	44,720
	$ 484,760	$ 471,992

See accompanying notes to the financial statements.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2005

1. Nature of operations

The Manitoba Horse Racing Commission (Commission) was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenditures of the Commission in excess of revenue derived from its regulatory activities are funded through an appropriation of the Government of the Province of Manitoba. Administrative grant monies drawn down in excess of actual expenditures are retained by the Commission. However, such retained funds in excess of actual expenditures reduce subsequent administrative grants.

Revenues and expenditures related to program delivery and administrative activities of the Commission are reported in the General Fund.

Effective April 1, 1997, Pari-mutuel Levy and Consequential Amendments Act (the "Act") was enacted. The Act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

Canadian Thoroughbred Horsemen Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy and Consequential Amendments Act based on the Plan For Distribution approved by the minister.

General Support Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the General Support Fund is provided through grants from the Province of Manitoba, Manitoba Lotteries Corporation, and a transfer from the General Fund.

Capital Asset Fund represents the net investment of the Commission in capital assets.

2. Significant accounting policies

A) Fund accounting

The Commission follows the restricted fund method of accounting for contributions.

B) Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

C) Pension costs

These consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2001. Experience gains or losses are recognized in the year the actuarial valuation is completed.

D) Use of estimates

In preparing the Commission's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

E) Financial instruments

The Commission's financial instruments consist of cash, accounts receivable, prepaid expenses, accounts payable and deferred revenue. It is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

F) Fund transfers

Fund transfers represent allocations from the General fund to the General Support Fund for the purpose of supplementing rural racing in Manitoba and to the Capital Asset Fund for capital acquisitions.

2. Significant accounting policies (continued)

G) Capital assets

During the year, there was a change in accounting policy applied prospectively to reflect the capitalization of capital assets in 2005. This change in accounting policy has had the effect of recording net capital assets of $14,959 and amortization of $883.

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, as follows:

Computer equipment	5 years
Security equipment	10 years
Furniture	10 years

3. Provision for employee pension benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

The Province of Manitoba has accepted responsibility for the unfunded portion of the pension liability. Accordingly the provision of employee pension benefits is offset by a receivable from the Province of Manitoba. There are no specific terms of repayment for this receivable.

An actuarial valuation of the employee pension benefit liability as at December 31, 2001 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7.25% (1998 - 7.5%), 2.75% inflation (1998 - 3.00%), salary rate increases of 4.5% (1998 - 4.5%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been extrapolated to March 31, 2005 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

Provision for employer's share of employees' pension plan:

	2005	2004
Balance, beginning of year	**$ 190,344**	$ 174,473
Benefits accrued	**16,533**	11,262
Interest accrued on benefits	**12,903**	11,891
Benefits paid	**(12,529)**	(7,282)
Balance, end of year	**$ 207,251**	$ 190,344

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
for the year ended March 31, 2005

4. Fees, licenses and fines

	2005	2004
Assiniboia Downs		
Daily licenses	$ 50,310	$ 49,040
Fees and licenses	32,979	36,312
Fines	8,569	12,505
	91,858	97,857
Rural Circuit		
Daily licenses	-	60
Fees and licenses	825	915
Fines	400	624
	1,225	1,599
	$ 93,083	$ 99,456

5. Capital assets

	Cost	Accumulated Amortization	2005 Net Book Value	2004 Net Book Value
Computer equipment	$ 8,711	$ 549	$ 8,162	$ -
Security equipment	1,629	112	1,517	-
Furniture	5,502	222	5,280	-
	$ 15,842	$ 883	$ 14,959	$ -

6. Statement of cash flows

A statement of cash flows has not been provided as information about financing and investing activities and their effects on cash resources are readily apparent from the other financial statements.